

PART 2 Regional Perspectives: Review of Development Over the Past 30 Years and Agenda for the 21st Century : 6. Development and Prospects of Business Group in South-East Asia

journal or publication title	Development Strategies for the 21st Century
page range	77-89
year	1991
URL	http://hdl.handle.net/2344/00010131

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Development and Prospects of Business Groups in South-East Asia

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Introduction

The mutual economic relationship among three regions of different levels of development, namely (i) Japan, (ii) Asian NIEs, and (iii) the four ASEAN countries, has structured itself into a unique growth-oriented economic development pattern and led the Asian-Pacific region to be considered as one of the centers of current attention and future interest of the economic world.

The countries and areas known as the Asian NIEs, which adopted industrial development policies based on an "outward-looking strategy," are exhibiting great capacity to transform themselves into fast-growing economic entities, and they are apparently about to outgrow their former classification as "underdeveloped countries." The Asian NIEs' model of industrial development, i.e. the "outward-looking" strategy, has thus become a great point of interest of many other developing nations. Of all these nations suffering from low-level industrial standards, particularly the four ASEAN countries have been successively introducing this strategy widely into their economic systems. The economic circles have great expectations that these countries will continue to produce fruitful results from now on to industrialize their economy and eventually from economic entities of high potential in development, to follow the Asian NIEs.

The reasons Southeast Asian countries that adopt an outward-looking strategy are said to have great potential in the future are as follows: (i) Southeast Asia is a geographically coherent region. (ii) Population size of each country is rather moderate. (iii) It is close, if not adjacent to, countries with different "comparative advantage" e.g. Japan and the NIEs. (iv) The above-mentioned geographical

advantages enable the countries in this region to become economically intimate with each other within and outside the region and hold close relationships to supplement themselves respectively through various interrelated channels, such as capital, technology, market and management resources, as well as to stimulate their individual growth through high competitiveness.

Now that the economy in the Asian-Pacific region, as mentioned earlier, is based collectively on a worldwide open-door policy, its future growth will remain a certainty as long as the development efforts exerted in the countries constituting this region do not become aberrant meaning unclear. Nevertheless, there are also many economists who, through various critical perspectives, have already introduced a number of interesting points of consideration regarding the present and future conditions of the overall economic development of this region in several international conferences, including the meeting organized by the Institute of Developing Economies.

This paper attempts to examine one of the main points of issue often overlooked in macro economic analyses; that is the question regarding the entities or agents who have undertaken economic development. (i) In Southeast Asia, in particular in the four ASEAN countries, what actors have been actually responsible for promoting outward-looking industrialization? (ii) And as these countries head toward the 21st Century, what may become the future problem(s) of these economic constituents and how should they cope with such difficulties that become impediments to their individual development? This paper intends to approach these two questions by focusing on business groups, which have grown into the largest local economic entity in recent years and thus are now considered to be an essential element for industrialization.

I. Growth of Business Groups

Foreign MNCs, domestic private enterprises, and state enterprises have been main economic entities responsible for industrialization in Southeast Asia. The foreign MNCs have been functioning up till now as the most relatively stable business entity in both the import- and export-substitution domains in this region through the use of their strong financial support (from the headquarters in the home country), advanced technology and administrative abilities, and high competency in seeking new markets due to the use of brand names widely known and well-reputed.

Domestic private enterprises have so far succeeded in expanding themselves in the progression of the import-substitution form of industrialization mainly by establishing joint ventures with the foreign MNCs. Some of the most successful domestic private enterprises now have grown into huge business groups. In addition, the leading groups are now actively expanding their multinational operations, organizing their affiliates mainly in Western Pacific region.

On the other hand, as to state enterprises, they have been unable to meet the high expectations placed on their active role, not only in projects pertaining to

public utilities, but also in the improvement of the industrial infrastructure and basic industrial ventures that can substitute for imports but which are highly unstable and uncertain in terms of profitability and long-termed in terms of fixed investment. The biggest reason for the unsatisfactory results of state enterprises has been the long reliance on state protection, which was necessary to continue their management. This problem even led to other negative effects, such as the high-cost economic conditions created by their complex relationship with the military force and political bureaucrats where interests were laid on different grounds. As a result, privatization of these enterprises became one of the most important issues discussed during the 1980s. However, contrary to the pressure placed by the World Bank and IMF, implementing privatization is still not underway as smoothly as planned. Nevertheless, there is a move toward successful business groups taking over influential state enterprises to be privatized and as restructuring the related sphere of influence within the business circle.

1. Inward-Looking Strategy and Business Groups

It should be pointed out once again that the private enterprises in Southeast Asia started out as business groups that were able to substitute for the import of final consumer goods. The government did not allow foreign MNCs to enter into import-substituting business. Foreign MNC's consequently had to join with local traders, which were their sole agents. While relying greatly on the advanced technology and know-how of foreign MNCs, the local traders thus began playing an active role in new business opportunities pertaining to import substitution. Since each market pertaining to import substitution was extremely limited in size, the only way for the private enterprises to survive the high competition was to launch into diversification and transform themselves into conglomerates, aggressively penetrating any kind of domestic market as far as profitable. These processes led to the emergence of large business groups holding numerous affiliates of all different sizes and kinds.

The representative fields of import-substituting industrialization were the manufacture of automobiles, and home electrical appliances. In the case of automobiles, a market that was very small in size has bristled with a large number of assemblers. Regarding how much the efforts of rationalization incurred by the market's high competitiveness helped improve cost minimization is in fact open to question. In any case, the industrialization of so costly import-substituting car products, which has been supported by a prohibition against the import of fully completed automobiles, has so far reached near the stage of being able to manufacture even automobile engines locally, thanks to slow but steady realization of the government's time-consuming efforts on the enforcement of its localization policies. By making the best use of comparative advantage in these countries, the manufacture of car parts and components, such as tires, windshields (including rear and side windows), plastic molded parts, wire harnesses, electrical furnish-

ings, springs, compressed parts, and transmissions, eventually become self-supportive one after another, and in this regard the government's localization policies can be highly evaluated because the objective (import substitution) was more or less fulfilled up to a certain level.

Similarly, with regard to home electrical appliances, these joint ventures have rapidly fulfilled the existing narrow market of every kind of these appliances, depending on importation of main parts.

So their further growth depend on the degree of future rural electrification and per capital income increase.

2. Outward-Looking Strategy and Business Groups

The industrialization to substitute for the import of durable consumption goods, food products, and textiles, gradually squandered each and every domestic market. Moreover, the time was too early for private enterprises alone to launch into the production of interim goods and capital goods. Due to these reasons, the ASEAN countries in succession inevitably came to adopt an export-oriented strategy. One of the most important and decisive factors included in the outward looking policies was to accept export oriented corporations fully capitalized by foreign capital and their possession of land for industrial use. Foreign MNCs from the United States, followed by Japan, as a result, started making large-scaled transfers of their departments engaged in the production of parts used in home electrical appliances and in the field of high technological industry that required intensive labor, including even shift of factories and plants designed to specialize in the full manufacture of particularized single products. The main point of concern here is that many of the foreign MNCs (in particular those from Japan), which in general had already established close ties with domestic business groups during the process of import substitution preferred to manage the export-substituting business by newly founding 100% foreign capital corporations as far as possible. Also to make the best use of privileges given to newly organized corporations, they set up their affiliates separately one after another. The overall tendency toward a strong yen and the lack of manpower and land available for industrial use at home together enhanced their advancement into Southeast Asia. For example, Matsushita Electric Co., Ltd. established an affiliate in Malaysia designed for import substitution in 1965. The accumulated investment from 1965 until April 1990 totaled 191 million MR, expanding the factory to meet diversification (total employment: 1,628 workers). In contrast with this ten affiliates designed for export substitution have been successively established in Malaysia from around 1972 onward (five of which are still under construction), and the total amount of accumulated investment has reached 1,389 million MR (including those still under construction, which have been estimated according to their construction plans. Total employment: 10,752 workers). All these export substituting affiliates are set up fully (100%) by foreign capital (except the one founded with 80% foreign capital) and the products

handled by them are almost all designed for export. Incidentally, in term of paid-up capital, the share of corporation geared toward domestic demand only less than 4% of the total amount of 600 million MR.

However, along with the progress of export substitution both in range and depth in ASEAN countries, the rate of self-supporting procurement of parts in the region is now increasing just as in the case of home electrical appliances. And together with the increase of this self procurement rate, a noteworthy trend in these countries is that domestic business groups engaged in the import-substituting industry in the form of collaboration with these foreign MNCs are becoming more and more competitive in the field of commonly used products, while gradually but steadily completing the import substitution of various parts within the region. Needless to say, their competitiveness in exports is still much depend on the GSP given in Europe and the United States. Nonetheless, these local corporations and business groups have good potential for improving further their competitiveness to the level of being able to export commonly used products.

The fact that industrialization based on an outward-looking strategy is practiced domestically in the form of affiliation with foreign MNCs, which have firm and wide industrial foundations, may make it easy to foresee local business groups that have nurtured strong ties with foreign MNCs over the years of import substitution process advancing into export substitution little by little cooperating with the MNCs.

For these business entities with the objective to advance into export substitution, the extremely high rate of growth marked by business groups engaged mainly in agro-industry in Thailand would serve as a great stimulus and model for structuring their future. According to highly reliable research by Prof. Akira Suehiro, exporters of agricultural products in Thailand expanded themselves into huge business groups in the latter half of the 1970s by (i) advancing into the processing industry of agricultural, marine, and livestock products, and (ii) integrating various other forms of business related to the processing industry mentioned in (i), which ranged as widely as from the production of feed up to the establishment of distribution network system. Contrary to the form of industrialization taken in such fields as home electrical appliances and semiconductors, where the initiative was in the hands of foreign MNC's, the approach taken by these business groups in Thailand was geared internally, and these ventures based mainly on locally supplied raw materials. Thus, the high growth that resulted from their unique attempt can be considered a good example of export substitution following a comparative advantage. However, their success in agri-business cannot be simply based on this advantage. These entrepreneurial business leaders introduce the finest types of agricultural and livestock raised through the world's most advanced methods of selective breeding and improvement in species, which they acquired from foreign MNCs. And they studied the marketing know-how the most delicate finishing skills of processed products, and the method of placing added values from general trading firms (sogo shosha) in Japan. In other words, they have been dili-

gent industrialists who continuously exerted their full efforts in absorbing updated information from whatever sources they could reach with regard to the development of new products and innovative skills. Moreover, income elasticities of these products in the industrialized countries may be higher than that of traditional types of agricultural products. And by utilizing highly fashionable design and scrupulous finishing techniques on a large variety of goods of tropical nature, they have a large potential to expand their fields of development into the sector of so-called "ethnic goods," which include various food products, fresh flowers and plants arranged for appreciation, high-class furniture, leather goods, and ornamental accessories.

Unlike the products made from mineral and forest resources, which are un-reproducible or take long time to reproduce, agro-industrial products formed through the application of human wisdom on beneficial natural resources that are quickly reproducible are indeed very well suited to the diversified needs of today for food, clothing, and shelter, and thus can be recommended very highly also from the investor's point of view toward future marketability.

As Professor H. Oshima pointed out, large-scale development of the industrial infrastructure will bring about a complete change in the fundamentals of agro-industry in Asia, increase employment in rural area, and expand the size of domestic markets to a remarkable extent. Like Thailand, Indonesia is a very rich country in terms of natural resources, and therefore it is a location very well suited for agro-industry. Along with the enforcement of liberalization and outward looking policies from 1987, leading Indonesian business groups, have been much more advancing into the field of agro-industry.

3. Business Groups in the 1990s

In the last few years, the situation pertaining to business groups in ASEAN countries is changing with dizzy rapidity, because of strengthening of the Taiwanese dollar and the Korean wong, the graduation of Asian NIEs in 1989, direct investment from the Sino-economic sphere centering on the Asian NIEs (especially Taiwan) in the field of labour intensive processing, real estate, and finance. In Japan, overseas production is much more stimulated by the government's guidance to promote imports, which were geared toward highly export-oriented manufacturers such as those engaged in home electrical appliances and automobiles. In the field of home electrical appliances, the Japanese MNCs are shifting to ASEAN their production base of semi-finished and even finished product for Japanese common goods market. This new trend is providing a great opportunity for local business groups to expand their joint ventures absorbing these business chance in collaboration with Japanese MNCs. Together with long experience accumulated in the joint venture production for import substitution and extension of the scale of production, which makes it possible to introduce updating equipments, these local business groups may participate satisfactorily in production for the Japanese

market in an unexpectedly short period of time, supported by suitable government guidance.

Second, the extensive participation in export-oriented ventures and the growth of the import-substituting industry led by the steady increase of GNP, both act as key factors in providing more opportunities for import substitution of interim and capital goods. The business groups, as mentioned earlier, try to seek these opportunities through participation in joint ventures with foreign MNCs. Their possibility of advancing into the field of interim and capital goods now has grown larger, provided that they continue to examine the degree of comparative advantages very carefully.

Third, to respond to the growing economic needs, especially Thai and Indonesian Governments have started to put various large-scale projects into effect. These administrative efforts to promote further industrialization range widely from projects pertaining to petrochemistry, the steel industry, various sectors of the industrial infrastructure, such as electricity, telecommunication, roads, and harbor facilities, to construction of large-scale industrial estate. Since the above-mentioned projects, which are strongly public-oriented, require an enormous amount of capital and highly advanced technology, most of them are put under joint venture of foreign, private, and state capital. However, the distinctive part of these projects is that the initiative taken by private business groups (especially those with good performance) has grown comparatively larger in degree than before due to the recent inclination on liberalization and privatization.

The fact that private business groups are steadily growing into more important entities also implies that the domain of diversification of business groups, which centered around import-substituting industries of consumption goods can now be expanded widely to other economic sectors that range from petrochemistry, steel, industrial infrastructure, finance, and insurance, up to real estate business, thus making them more and more like conglomerates. Moreover, top ASEAN business groups are already actively taking part in overseas ventures, which mainly deal with finance, trade and commerce, real estate and even manufacturing. In fact, their multinational operations is not limited to just Asian region; it is now extended to Europe and the United States.

II. Problems of Business Groups

As explained in the previous section, business groups have grown into the largest local entity responsible for the industrialization. However, along with this remarkable progress, we must not forget that there are also problems that these business groups need to solve. First, each business group is a family-owned business entity. Second, their rapid growth is said to be related with the kind of patron-client relationship they have been practicing with the president and/or prime minister, the bureaucrats and the military force. Third, most of these business families are formed by ethnic Chinese, and in particular in Indonesia and Malaysia a patron-

client kind of relationship is somewhat more complicated. Fourth, in Malaysia the political party and the bureaucrats organize and operate business groups under government patronage. These are all points at issue that cannot be dismissed when industrialization in ASEAN countries is observed in a proper perspective.

1. Stability and Instability of Family Business

Since family business is owned and managed by the same member of the family, there is much stability of ownership and management. Therefore, family business is a very secure type of economic entity that can continue operating as long as the members of the family have trust in each other. In countries where Confucian thoughts are highly valued, business groups are by and large all set up according to the traditional system of patriarchy. And especially in countries where this tradition is strongly followed, the head of the family who leads the business group holds a strong vertical relationship with his coworkers. The advantage of this type of organization is that decisions can be made very quickly. According to Suehiro, all of the twenty-four major business groups operating in Thailand in the year 1979 in two fields of the import-substitution industry and agri-business were owned and managed respectively by a family. And moreover, all except one were ethnic Chinese. They were all educated in Thailand and succeeded in diversifying their group by receiving financial and technological support from a Japanese MNC. Like other family-based business groups, the members of the founder's family had overwhelming power over matters related to ownership and management. Excluding the traditional business groups in the Philippines founded by big sugar plantation owners/managers during the prewar period, the founder himself of a family-based business group in Indonesia as well as in Malaysia is in almost all cases, controlling his own group as top leader. A distinctive point about many of these founders is that, despite their little education and background as merchants, they were resourceful enough to live through the high-technological era. Nonetheless, it is quite natural to speak of the 1990s as the age of transition for many of these founders and their business groups. The point of interest is how their respective successors (normally the founder's eldest son) would continue to own and manage the business groups. The question would be whether they will follow the tradition and maintain the patriarchal system, which all these family-based business groups have been based upon since the beginning, or if they will introduce new methods in ownership and management to break away from tradition. An example of a successor to the most advanced business group is one who was educated in such as a technical college in Europe or the United States. Around him there is a management staff consisting of members who, like himself, received high-leveled education and training in business schools overseas. These members are all fresh and energetic and, above all, specialists in the area of management. A modernized successor, in other words, is someone who would make full use of these specialists and allow them to participate actively in the management of

his business group. However, in general, most business groups that have already seen the ownership and the leading post in management transferred to the successor in the next generation are still owned solely by the founder's family circle.

On the other hand, family-based business groups can easily become unstable, such as when the owner family cannot find an appropriate successor from within the family, when there is a struggle and/or antagonism between the members of the family, or when the corporate assets belonging to the business group need to be divided among the legal heirs. The methods and measures to cope with these factors for causing instability of business groups which are peculiar to family business are actually the main points of concern for the business families in ASEAN countries. The owner of a family-based business group must not forget that the stability of his group (ownership) and especially its management will be a prerequisite matter for maintaining the group under healthy conditions as well as for acquiring sufficient power to bargain with a foreign MNC as business partner.

2. Patron-Client Relationship

As mentioned earlier, a simple, "organization vs organization" format may not be applied to the relationship between the business group and the government in ASEAN countries. There seems to be a tradition of business families in this region acquiring and/or maintaining their status by maintaining firm personal connections for over quite a length of time with the first family as well as with the leaders of the bureaucrat and/or military authorities. It is not common to see corporations uniting together to negotiate with government for their united purposes. This is a reality when the state, the bureaucrat, and the military force still have overwhelming power over private corporations (the stage when corporate-capitalism was still underdeveloped). In fact, there is no evidence or reference in the past that tolls about organizations such as chamber of commerce and industry bargaining strongly with the authority. Under the control of a bureaucratic authority persisting in its patrimonial nature, or even more, a president exercising dictatorship, it would be very difficult for business groups to resist the patron-client kind of relationship with the authority if they wish to continue their business. When the Philippines was under martial law during Marcos' regime, a large number of competent technocrats who worked under President Marcos were not able to exhibit their knowledge sufficiently due to the president's concentrated powers. Moreover, in the country under a military regime even though military power has much reduced after 1970s, there is a large possibility of the technocrats' rational decisions being overruled by the first family.

The crony capitalism practiced during the Marcos regime can be considered a typical form of patron-client relationship. Its increasing influence made some business leaders who had been resisting the idea of being client due to ethical reasons dampen their enthusiasm in their work and feel anxious about their management in the future. On the other hand, cronies who started taking too much advantage

of the patronage system, with which they had been content until then, such as by establishing a number of affiliates destined to engagement in the domestic market, which was more or less overprotected by the state. However, the attempt of many of these cronies failed shortly after the second oil shock, which stagnated the economy greatly. As a result, a huge amount of state funds allotted to these cronies turned into non-performing assets and/or sequestered property as ill gotten wealth. Needless to say, these non-performing assets caused great loss and damage to the Philippine economy.

3. Ethnic Problems and Politicization of the Economy

The problems caused by abuse of the patron-client relationship were even more serious in countries like Indonesia and Malaysia, where business groups had to overcome racial and/or religious barriers first in order to be able to pursue their interests. In Indonesia after 1967, Chinese industrialists, under the patronage of the government (bureaucrats and the military force), advanced actively into the import-substituting manufacturing industry in the form of joint management with foreign MNCs, such as from Japan. Their achievements through these joint ventures enabled them to expand their business groups to what they have today.

There are two problems with regard to the business groups in Indonesia.

- (1) The top business groups in this country are almost controlled by Chinese families who have acquired the position to receive financial and administrative protection and support from the first family and the top leaders in the bureaucracy and the military authorities through their long and close personal connections.
- (2) Bimantara, Hunpus representing the indigenous business groups which succeeded in expanding to a remarkable extent by encroaching on the business domain controlled by the Chinese groups, is being owned and managed by the members of the first family.

According to Richard Robison, the point mentioned above as (i) is due to alliances with politico-bureaucratic power, which have become an integral and necessary part of the development of Chinese capital, together with other crucial factors explained below.

- (1) Access to financial and corporate networks of overseas Chinese capital in Hong Kong, Taiwan, Thailand, Singapore, and Malaysia, which is not generally available to indigenous capitalists.
- (2) They (the Chinese) had the necessary "capital, corporate, and distribution apparatus in place, and the business 'culture' essential to the making of profit."

And it was only through these networks and the foundation of business culture that made patronage a truly workable system. Moreover, the military and bureaucratic authorities considered them to be the best clients for their large earning power, which was beyond comparison.

On the other hand, Yuri Sato argues in her latest study that patronage has been

too overemphasized up till now. Leaving aside the period of initial industrialization (1967 – 73), the economic policies, such as liberalization and outward looking strategy, which were introduced in the latter half of the 1980s as drastic reform measures, have the effect of reducing the importance of the role of patronage which has been playing for so long. Thus, the future of business groups, she believes, is becoming more and more dependant on such factors as how competent the business leaders may be as a manager and how rationally he can run his group, rather than the traditional patron-client type of linkage.

As a matter of fact, successful groups, such as Astra, have started exerting efforts to improve the import-substituting industries that they presently manage. And in the meanwhile, they have set their primary strategy to cultivate new export oriented industries, with agro-industries at the center. In other words, for business groups with such administrative abilities, patron-clientism will no longer serve as a means to gain various economic privileges, but rather will tend to be considered more as an instrument for the protection of family business and property in case of a crisis that may occur unexpectedly. Because economic friction between small and medium-sized indigenous industrialists and major business groups owned and managed by the Chinese has not yet dissolved. Although groups like Astra are trying to seek ways to harmonize with the indigenous part of the business world, such as by hiring a large number of workers belonging to *pri bumi* through large-scaled promotional efforts, they will probably still find meaning in the patron-client relationship from now on as well, for example, as insurance or a preventive tool.

Regarding the problem mentioned as (ii), it is presently very difficult to make a fair evaluation due to lack of specific facts. However, it is true to say that even in the process of liberalization, business groups run by first family still have been expanding into huge conglomerates. However, opinions vary when it comes to analyzing what factors that led them to such high growth may have been. The differences in opinion can be largely separated into the following two points.

- (i) the competency of the first family member as a manager
- (ii) The benefits gained under the patronage

Let us branch off a little and see what we can gain from an examination of the patron-client relationship in the Philippines during the Marcos regime. One point that may be considered a subject of evaluation would be the “big push” to cultivate new business groups and industrialists from outside the sphere of traditional Spanish and Chinese land aristocrats, i.e. from Malay Filipinos. However this big push were not able to meet his expectations, resulting in accumulation of non-performing assets. The question, therefore, would be if there is any relation between this big push and the rise of *pri bumi*-based business groups owned and controlled by the first family in Indonesia.

Without question, the effects of the big push of indigenous industrialists in terms of structurization, systematization, and continuity can be best seen in Malaysia from and after the 1970s. It is true that the Bumiputra policies were successful

in solving various problems held particularly by the Malaysians. However, the opinions regarding the evaluation of these domestic policies are still many-sided. Those with a critical point of view speak of government patronage as the cause of the bumi's dependency syndrome and the dampening of the Chinese sect, which in effect has become the main negative factor to slacken the national economy through a deepening reliance on foreign MNCs.

However, the objectives advocated in NEP are high expectations of a promising future, which can well be considered a conceptual landmark in the history of mankind. And since these epoch-making objectives are all long-term visions, it may be yet too early to evaluate their outcome at the present moment. Nevertheless, it would be very important for the Malaysians to look at their past twenty years of trial and error as objectively as they can so that they can make accurate modifications for their future development.

Conclusion

Private enterprises in the four ASEAN countries have grown into enormous business groups through competition and cooperation with foreign MNCs. They will continue to be the most responsible entity engaged in domestic industrialization for substituting both imports and exports from now on as well.

However, contrary to the foreign MNCs from industrialized nations, which are all backed up by a huge corporate capital independently, these ASEAN business groups, for the most part, are still in the line of the founder's family business. As a result, there are not a few business families that either cannot maintain the status of co-partnership with the foreign MNCs, due to such as the foreign MNC's purchase of shares held by the family members, or that inevitably stay on as anonymous paper partners. Although in the long run, the steady development of corporate capitalism would be the best solution, the immediate measures to improve the family leaders' administrative abilities, such as by adopting modern, updated methods of management, are strongly recommended as of now.

Since the patron-client relationship that structured in the process of industrialization for import-substitution under the regime of bureaucratic/military authorities of patrimonial nature became one of the main causes of high cost economy, its correction, which in effect will lead to the stimulation of business groups to exert more efforts in their management, is strongly recommended in the era of liberalization and outward-looking strategy.

Privatization will probably not proceed so easily. It should be implemented carefully, since the privatization of big state enterprises may make the big business much bigger.

As Professor Kunio Yoshihara mentions, the nature of the past attempt of industrialization in the four ASEAN countries can be characterized as "Ersatz capitalism." Fortunately, the people in these ASEAN countries seem to have the best understanding of this nature. Therefore, what these people need to do from now

on is to determine which strategy would be the most practical for the development of their national economy through repeated self-examination and analysis of the various strategic attempts and measures so far adopted in the developing nations as well as their results.

With all this in mind, the mutually stimulating type of development strategies put into effect in the Asian Pacific region must, therefore, constantly be checked, adjusted, and above all, open to the whole world.

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